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**FISCAL IMPACT STATEMENT**

**LS 6216**

**BILL NUMBER:** HB 1019

**NOTE PREPARED:** Mar 25, 2003

**BILL AMENDED:** Feb 10, 2003

**SUBJECT:** Insurance Coverage for Inherited Metabolic Disease.

**FIRST AUTHOR:** Rep. Frenz

**FIRST SPONSOR:** Sen. Miller

**BILL STATUS:** As Passed - House

**FUNDS AFFECTED:** X GENERAL  
X DEDICATED  
FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** (Amended) This bill requires a state employee health benefit plan, a group accident and sickness insurance policy, and a group health maintenance organization contract to provide coverage for medical food prescribed for treatment of an inherited metabolic disease.

**Effective Date:** July 1, 2003.

**Explanation of State Expenditures:** (Revised) The state employee health plan currently provides treatment coverage for phenylketonuria. However, this bill includes coverage for medical food that is prescribed by a covered individual's treating physician for treatment of the covered individual's inherited metabolic disease.

Four of the six state insurers responded that this provision would increase premiums, and two insurers did not respond to the request. The estimated premium increases range from \$0.02 per member per month to a 10% increase in the premium. However, given that the state self-insured plan administrator replied that the bill would result in a \$0.01 to \$0.03 per member per month increase in premium the actual cost may be lower. If this increase were representative of actual claims experience for all plans, total cost for the state employee plan group would range from \$9,000 to \$26,000 per year. Actual cost may be higher or lower than this estimate based upon actual claims experience.

The state may choose to absorb any additional costs of these provisions or to pass these costs on to employees in the form of higher deductibles, higher premiums, or by limiting other conditions covered.

*Background:* Given the responses of three insurers, the 10% premium increase appears to be an outlier. However, it is unknown how this insurer will respond if the coverage is mandated, thus a cost range is

presented.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** (Revised) The cost to local governments will vary depending upon the structure of their health benefit packages. This coverage may already be included in some local government policies. Local governments that do not have this coverage may choose to pass the cost on to employees in the form of higher deductibles, higher premiums, or limiting other conditions covered. Cost sharing of health benefit premiums varies widely by locality.

**Explanation of Local Revenues:**

**State Agencies Affected:** All.

**Local Agencies Affected:** All local units of government and local school corporations.

**Information Sources:** Keith Beesley, State Department of Personnel, 317-232-3062.

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